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NOTE: -Project monitor was in touch with West Coast contracting on this matter which was considered highly unethical on [] part. West Coast contracting, in turn, approached [] 10 December 1964 was obliged to correct their "financial oversight." [] reported [] follow-through to them on 22 December.

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Gentlemen:

This letter is responsive to your letter dated Nov. 23 and its various enclosures. Our comments apply to the "Schedule", the "Statement of Work", and the "General Provisions" in that order:

A. SCHEDULE

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1. []
2. Paragraph 6. PRICE We are unable to reconcile *quoted on* your stated price of [] with the quotation *our* of June 18, 1964 upon which your authorization to *contract* proceed was based. We can vividly recall the hard *with us* negotiations preceding your June visit to []. We can also recall having made price cuts to comply with your budget. We have never had any doubt that the conclusion of these negotiations was confirmed in the aforementioned letter. The price of the contract should be [] No other figure will be acceptable for the Statement of Work included herein.
3. Paragraph 7. PAYMENT See comments relative to Articles 35 and 36 of the "General Provisions" below.
4. Paragraph 9. QUALITY CONTROL Comment: It is presumed that this paragraph was written as intended, that is, MIL-Q-9858 shall be applicable rather than

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MIL-Q-9858A by which it was superceded. The original quality control specification relaxed its requirement under paragraph (1) thereof applicable to prototype contracts which was not contained in the sequel thereto.

5. Paragraph 12. AMENDMENTS AND NOTICES Comment: This paragraph must be understood not to include technical directions which do not change the Statement of Work, price or delivery terms. This interpretation is for your own benefit to permit technical personnel to make minor adjustments without contract amendments. Under [] procedures technical communications may be handled by the project leader. Changes in the specifications, price or delivery must be signed by the undersigned. STATINTL
6. Paragraph 14. PRIORITY No priority classification is indicated on the face of the Schedule.
7. Paragraph 15. SECURITY REQUIREMENTS The bid has been based on an unclassified contract. Article 10 of the General Provisions seems to adequately cover the subject. Hence we request deletion of the first sentence of subparagraph a. and the words "in addition" beginning the second sentence of said paragraph. By the same token subparagraph b. should be deleted as redundant.
8. Paragraph 17. INTERPRETATION Under the traditional legal theory of conflict of laws the interpretation of a contract will be governed by the place of its making or the place of performance. We see no reason to depart from the traditional rules. Subparagraph a. should be deleted in its entirety.

B. STATEMENT OF WORK

1. Paragraph 3.1.1.1. The sentence should read: "The multifield lenses shall be of such a design as to allow installation and mounting of two diffraction gratings between the cells." It has been long understood that the design would not be symmetrical.

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2. Paragraph 3.1.1.3. The word "approximately" should be inserted between the words "exit pupil" and "20 inches" in this sentence.
3. Paragraph 3.1.3.2b. Delete the number "2½" and insert the number "2".
4. Paragraph 3.1.3.3 a. Delete the numbers "2-2½" and insert therein "3-3.5".
5. Paragraph 3.2.5. Delete this paragraph in its entirety. The lamp has already been chosen by hence, the paragraph is without meaning. STATINTL
6. Paragraph 4.0 SCHEDULE Insert the words "Except as otherwise agreed by the parties" before the opening words "the above items..." It is specifically understood that this change is made to accommodate negotiated changes in the delivery due to difficulty in procurement of glass.

C. GENERAL PROVISIONS

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1. Article 5. TERMINATION Delete the words "...when-ever shall determine that such termination is in its own, or the government's best interest" and insert therefore "whenever prime contract shall have been terminated, or the government shall request such termination. Termination is a prerogative of the government. We will not accept a unilateral privilege to terminate on the part of the prime. STATINTL

We believe that "Section XV" should be deleted in subparagraph 1. of this article and replaced by "Section VIII". If we are correct in presuming that this article paraphrases ASPR 8-706, then this is an error in transcription.

2. Article 6. DEFAULT Delete the words "change order thereto" in subparagraph a.(1) and insert therefore "extensions thereof". This will bring the language in line with ASPR 8-707 after which this article was fashioned.

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In subparagraph c. of the Article, delete the words "both the subcontractor and lower tier subcontractors, and without default or negligence of either of them, subcontractor" on the bottom of page 9 and the beginning of 10, so that the clause will read ", and if such default arises out of causes beyond the control of the Subcontractor, it shall not be liable for any excess costs ..." We understand that although a default clause is not mandatory, it is customary to impose one on the sub if the same is contained in the prime contract. We have no objection, except that we will be totally unable to prove the cause of default in the case of the foreign suppliers of optical glass. Hence, the clause is modified to fit the facts of this procurement.

3. Article 10. SECURITY REQUIREMENTS Subparagraph 1. had better be deleted in its entirety, or in the alternative, immediate written permission to proceed should be granted. [redacted] is an alien as is [redacted] who will be in charge of quality control on this contract. Both physicists have SECRET clearance. STATINTL
4. Article 28. PATENT RIGHTS Comment: It is to be specifically understood that this clause does not include patent application Serial #320,981 jointly owned by [redacted] STATINTL
5. Article 36. PROGRESS PAYMENTS This paragraph should be amended to provide for small business payments in accordance with ASPR Appendix E-503. We would expect payments of up to 75% of the total aggregate cost of the subcontract price.
6. Article 37. EXAMINATION OF RECORDS Unless your customer has requirements to the contrary, the words "Comptroller of the Contracting Agency" should be deleted and the words "Comptroller General" inserted therefore. This is the standard examination provision.

The following Article 38 should be inserted;

EXCUSABLE DELAYS The subcontractor shall not be liable

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for delays caused by fire, flood, strike, or other causes beyond the reasonable control of the Sub-contractor; the Subcontractor may request an equitable adjustment caused by failure of [REDACTED] to provide information or materials required by the contract. STATINTL

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STATINTL Pending clarification of the contract price, noted above, we shall proceed with work until the budgetary allowance of the interim authorization is expended. We shall send up a red flag when 80% of that amount [REDACTED] has been spent. Technically, the work is proceeding well, albeit we are having some problem with the timely delivery of good glass.

Very truly yours,

[REDACTED]

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